

Marketing communication. Investment  
involves risk, including loss of capital  
Recorded 1 October 2025

Multi Asset

# Multi Asset Views

## Laurent Clavel, Global Head of Multi Asset

We have further increased our overweight equity allocation, as all our quantitative signals are now flashing green, and investors' positioning is reluctantly catching up with the strength of this bull market. Systematic strategies no longer have the depressed positioning of a couple of months ago, but they still have room for further growth. And discretionary investors are hardly overweight after lightening up into the summer, which leaves them in fear of missing out on the ongoing rally. Beyond positioning, fundamentals are also supportive. Aside from a weakening in the job market that has prompted the Federal Reserve (Fed) to lower its interest rates, US macroeconomic surprises have actually remained positive for over two months, and US business surveys have also rebounded.

With the Fed confirming insurance-minded rate cuts into year-end and buoyant activity in the US, the equity rally can extend further. Our equity risk is essentially in the US, driven by the enormous level of investments in infrastructure to accommodate the AI (artificial intelligence) boom. We remain however eager to broaden our allocation. To this end, we are accompanying the strong rally in Chinese equities, where domestic retail investors are providing increasingly important inflows. Our preference is for Chinese technology names, which benefit from strong earnings and a large valuation advantage compared to US Tech (technology).

In the fixed income space, we were surprised by the tone adopted by European Central Bank's President, Christine Lagarde, once again veering to the hawkish side. We find this somewhat misplaced when Germany has been going through two years of near recession, and as deflationary forces still weigh through the strong currency and large-scale redirecting of Chinese exports from the US to Europe. We believe a rate cut can be priced back in and we, therefore, hold on to our long position in short-dated German bonds. Altogether, we are confident this bull market has further to run, with our multi asset portfolios offering a well-diversified exposure to long-term secular growth themes across sectors and geographies.

In this context, we believe that we are well positioned to take advantage of this bull market, but we will keep monitoring risk and use our full flexibility and optionality if things were to change.

Thank you and goodbye.

Source : AXA IM as of October 2025

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